

U.S. Has Gap of Over 7.2 Million Affordable and Available Rental Homes

No state has an adequate supply of housing for the lowest-income renters, reports NLIHC.

Affordable Housing Finance, by Donna Kimura, March 13, 2018

The nation has a staggering shortage of 7.2 million affordable and available rental homes for extremely low-income (ELI) renter households, those with incomes at or below the poverty level or 30% of their area median income, according to the National Low Income Housing Coalition (NLIHC).

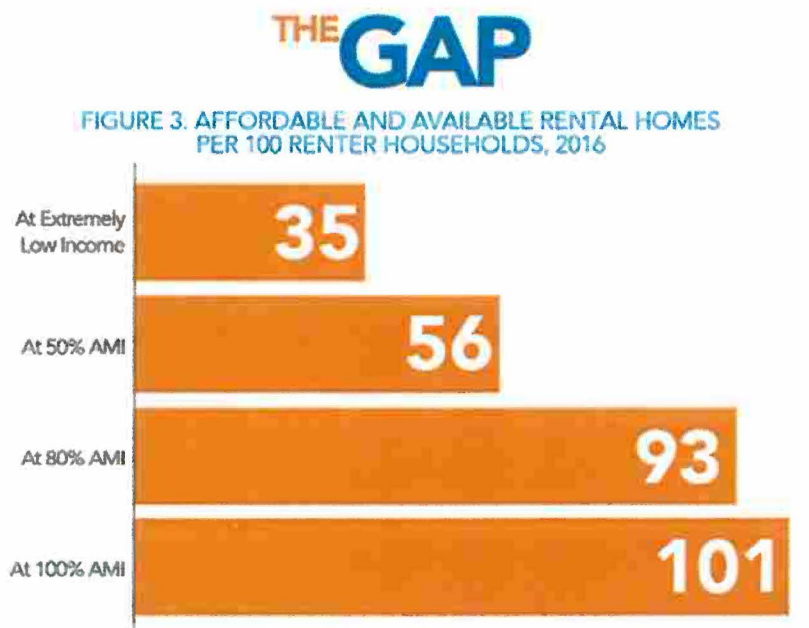
The organization's new report, *The Gap: A Shortage of Affordable Homes*, calls for expanding investments in affordable housing programs that serve those with the lowest incomes.

Another way of looking at the shortage is for every 100 of the lowest-income renters, there are just 35 homes that are affordable and available to them, said Diane Yentel, NLIHC president and CEO.

"This leaves over 8 million of the lowest-income people paying more than half of their limited income on rent each month, leaving very little for healthy food, for savings, or to cover an unexpected financial emergency," she said.

NLIHC conducts this research each year to assess the availability of housing affordable to renters at different income levels throughout the country.

The severe shortage of rental homes affordable and available to the lowest-income households predates the Great Recession but has worsened in recent years, according to the study.



Source: NLIHC tabulations of 2016 ACS PUMS data.
AMI = Area Median Income
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In 2007, 40 affordable and available rental homes existed for every 100 ELI renter households and 67 existed for every 100 renter households with incomes at or below 50% of the area median income (AMI). A small surplus of affordable and available rental homes existed at 80% and 100% of the AMI in 2007. Since then, the supply of affordable and available rental homes (relative to demand) has declined even at these higher-income levels. Renter households at 100% of the AMI, however, still enjoy a surplus nationally and in most markets.

The Gap, based on American Community Survey data, finds that the lowest-income renter households face a shortage of affordable and available rental homes in every state. The supply ranges from 15 affordable and available homes for every 100 ELI renter households in Nevada to 59 for every 100 ELI renter households in Maine. For the 50 largest metropolitan areas in the United States, the supply ranges from 10 affordable and available rental homes for every 100 ELI renter households in Las Vegas to 47 in Providence, R.I.

“The report highlights the urgent need for an increased national investment in more homes affordable to the lowest-income people,” Yentel said, noting that federal housing programs serve about 5 million low-income households, but the needs of many more families go unmet.

Only one out of every four eligible families receive the help they need, she said in a call with reporters Tuesday.

As a result of the housing shortage, low-income unassisted households are often severely cost burdened and pay more than half of their limited income on rent.

Yentel pointed out that the Trump administration has proposed deep cuts to housing and other programs across “the social safety net.” She said the administration is also proposing “burdensome and ineffective work requirements” on people receiving housing assistance.

This year’s gap analysis includes a look at who are the lowest-income renters.

“We tend to hear misinformed stereotypes about poor individuals when in fact the vast majority of the poorest renter households are seniors, people with disabilities, or individuals who are working, enrolled in school, or caring for a young child or for someone with a disability,” said Andrew Aurand, vice president for research at NLIHC and lead author of the report. “The wages of those who are working are too low to afford rent without assistance.”

In fact, out of the 8 million severely cost-burdened ELI renter households, 84% are seniors, are persons with disabilities, or participate in the labor force, reports NLIHC. Many others are in school or are single adults caring for a child or a person with a disability.

“As is clear from the report, the problem is not that low-income people aren’t working hard enough,” Yentel said. “The problem rather is that many jobs do not pay enough for low-income people to afford the rent, and this will be a challenge for the foreseeable future.”

NLIHC leaders say Congress must increase investments in affordable housing solutions like the National Housing Trust Fund, Housing Choice Vouchers, and public housing as well as expand and improve the low-income housing tax credit so that it provides more housing affordable to ELI renters.

About the Author

Donna Kimura is deputy editor of Affordable Housing Finance. She has covered the industry for more than a decade. Before that, she worked at an Internet company and several daily newspapers. Connect with Donna at dkimura@hanleywood.com or follow her @DKimura_AHF.